

Message Text

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11

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 PM-07 H-03 INR-10 L-03

NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15 ACDA-19 IO-15

OMB-01 TRSE-00 ABF-01 DPW-01 AID-20 DRC-01 /164 W

----- 010858

O R 040850Z OCT 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 7746

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 17420

EO 11652: GDS

TAGS: MARR VS

SUBJ: ICCS: NON-PAYMENT PA&E BILLS

REF: A. SAIGON 17308 B. SAIGON 16751

1. PA&E OFFICIALS TOLD EMBOFFS OCT 4 THAT COMPANY BECOMING INCREASINGLY CONCERNED ABOUT ICCS INABILITY TO PAY BILLS. THEY REPORTED ICCS HAS NOT PAID SEPT BILL OF APPROXIMATELY \$700,000 AND THAT PURCHASE BILLS NOW BEING PROCESSED WILL AMOUNT TO ABOUT \$200,000. BILL DUE NEXT WEEK WILL BE ABOUT RO\$600,000. THUS BY MIDDLE OF OCTOBER ICCS WILL BE OVER \$1.5 MILLION IN ARREARS.

2. OFFICIALS POINTED OUT COMPANY WAS FROM BEGINNING AWARE OF SHAKY FINANCIAL BASE OF ICCS AND THUS CONTRACT INCLUDES ONE PER CENT CHARGE AFTER THIRTY DAYS OF NON-PAYMENT, AS WELL AS .5 PERCENT REDUCTION IF PAYMENT MADE WITHIN THREE DAYS OF BILLING. WITH DEBT RUNNING AT SUCH A HIGH LEVEL, HOWEVER, PA&E SEES NO ALTERNATIVE
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EXCEPT SENDING ICCS A LETTER NEXT WEEK THREATENING CANCELLATION OF

CONTRACT WITH THIRTY DAYS NOTICE.

3. OFFICIAL EXPRESSED UNDERSTANDING FOR FACT ICCS DEPENDENT UPON CONTRIBUTIONS FROM FOUR PARTIES. THEY HINTED THAT, IF THEY COULD OBTAIN SUFFICIENTLY STRONG GUARANTEE OF PAYMENT, THEY MIGHT NOT PRESS SO HARD IN LETTER TO ICCS OR THREATEN CANCELLATION SO DIRECTLY. THEY ARE OBVIOUSLY CONCERNED, HOWEVER, AT THE GROWING SIZE OF ICCS INDEBTEDNESS TO PA&E AS WELL AS TO OTHER CONTRACTORS.

4. EMBOFFS ATTEMPTED EXPLAIN POLITICAL CAPITAL WHICH MIGHT BE MADE WITHIN ICCS WITH THREAT OF CANCELLATION, AND THEY EXPRESSED UNDERSTANDING. HOWEVER, THEY POINTED OUT THAT PA&E IS IN BUSINESS AND HAS TO FOLLOW REGULAR BUSINESS PROCEDURES, WHICH DICTATE THE NECESSITY OF ALERTING THE CONTRACTEE TO CANCELLATION POSSIBILITY IN ADVANCE IN SITUATIONS LIKE THIS.

5. OFFICIALS REPORTED THAT PA&E WASHINGTON REPRESENTATIVE WOULD BE IN TOUCH WITH DEPARTMENT ON THIS PROBLEM IN NEAR FUTURE.
APPLING

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NNN

Message Attributes

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Disposition Reason:
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30 JUN 2005

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